

Message Text

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PAGE 01 STATE 126623

16

ORIGIN AF-08

INFO OCT-01 ISO-00 ACDA-07 CIAE-00 INR-07 IO-13 L-03

NSAE-00 NSC-05 EB-07 NRC-05 OES-06 DODE-00 ERDA-05

FEA-01 EUR-12 PM-04 H-02 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 COME-00 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 MC-02 ORM-02 DHA-02 /137 R

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R 221328Z MAY 76

FM SECSTATE WASHDC

TO AMEMBASSY BANGUI

AMEMBASSY LILONGWE

AMEMBASSY GABORONE

AMEMBASSY KIGALI

AMEMBASSY LOME

AMEMBASSY MAPUTO

AMEMBASSY MASERU

AMEMBASSY MBABANE

AMEMBASSY OUAGADOUGOU

AMEMBASSY PORT LOUIS

C O N F I D E N T I A L STATE 126623

E.O. 11652: N/A

TAGS: XA

SUBJECT: CURRENT FOREIGN RELATIONS: ISSUE NO. 20, MAY 19,
1976

1. THE FOLLOWING IS AF'S CONTRIBUTION TO ISSUE NO. 20
OF CURRENT FOREIGN RELATIONS FOR POST INFORMATION. FULL
TEXT OF CFR BEING POUCHED PER REGULAR SCHEDULES.

CONFIDENTIAL

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PAGE 02 STATE 126623

2. BEGIN QUOTE;

AF - US FIRM MAY PARTICIPATE IN CONSTRUCTION OF NUCLEAR
POWER PLANTS IN SOUTH AFRICA (CONFIDENTIAL)

THE US NUCLEAR REGULATORY COMMISSION (NRC), AN INDEPENDENT
GOVERNMENT AGENCY, LAST WEEK RECEIVED FROM GENERAL ELEC-
TRIC APPLICATIONS FOR PERMISSION TO EXPORT TO SOUTH
AFRICA'S ELECTRICITY SUPPLY COMMISSION (ESCOM) TWO NUCLEAR
REACTORS AND RELATED FUEL SUPPLIES. THE POTENTIAL SALE OF
NUCLEAR MATERIALS, AS PART OF A US-SWISS-DUTCH CONSORTIUM,
WOULD INVOLVE ABOUT \$285 MILLION IN US PROCUREMENT.

BACKGROUND: ON APRIL 21 THE CONSORTIUM RECEIVED AN AS YET
UNPUBLICIZED CONDITIONAL ESCOM LETTER OF INTENT TO BUILD
TWO 1000 MW NUCLEAR POWER STATIONS AT KOEBERG, 20 MILES
NORTH OF CAPE TOWN. HOWEVER, UNTIL CONDITIONS IN THE
LETTER OF INTENT ARE FULFILLED, TWO FRENCH AND GERMAN
CONSORTIA ARE STILL CONSIDERED TO BE IN THE RUNNING. IN
SEPTEMBER 1974 EXIMBANK GRANTED GE A \$250 MILLION PRE-
LIMINARY COMMITMENT (DUE TO EXPIRE MAY 31) FOR A GUARANTEE
TO COVER PRIVATE FINANCING OF THE US PROCUREMENT. (US
POLICY CONTINUES TO BAR DIRECT EXIM FINANCING IN SOUTH
AFRICA.) THE TRANSACTION WILL REQUIRE CONGRESSIONAL RE-
VIEW AS THE GUARANTEE EXCEEDS \$60 MILLION. GE'S 1974
BID AND EXIM'S PRELIMINARY COMMITMENT WAS DISCUSSED DURING
JULY 1975 PUBLIC HEARINGS BY THE SENATE SUBCOMMITTEE ON
AFRICA.

US POLICY: THE DEPARTMENT CURRENTLY IS COORDINATING
EXECUTIVE BRANCH COMMENTS TO BE SENT TO THE INDEPENDENT
NRC FOR ITS DECISION ON EXPORT LICENSES. EXPORTS OF RE-
ACTORS AND NUCLEAR FUEL MUST TAKE PLACE UNDER AN AGREEMENT
FOR COOPERATION WITH THE RECIPIENT NATION. UNDER THE
TERMS OF THE EXISTING 1957 AGREEMENT, UNDER WHICH THE US
HAS SUPPLIED ENRICHED URANIUM FOR AN EXPERIMENTAL REACTOR,
THE SAG UNDERTOOK TO PLACE ALL SUCH MATERIALS UNDER IAEA
SAFEGUARDS AND NOT TO USE THEM IN WEAPONS MANUFACTURE. WE
HAVE TOLD THE CONGRESS INFORMALLY AND THE PRESS THAT WE
SEE NO CONFLICT BETWEEN THE SALE OF NUCLEAR EQUIPMENT AND
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PAGE 03 STATE 126623

MATERIALS FOR PEACEFUL POWER GENERATION, UNDER STRINGENT
SAFEGUARDS, AND THE SECRETARY'S APRIL 27 SPEECH IN LUSAKA
URGING A PEACEFUL END TO SOUTH AFRICA'S INSTITUTIONALIZED
RACIAL INEQUITY. WHILE WE RECOGNIZE THAT SOME AFRICAN
AND OTHER STATES PROBABLY WOULD OBJECT STRONGLY TO A SALE
TO SOUTH AFRICA, US POLICY HAS LONG FAVORED ACTIVE CO-
OPERATION WITH OTHER NATIONS IN THE PEACEFUL USE OF
NUCLEAR ENERGY, INCLUDING NUCLEAR REACTOR SALES, UNDER

AGREEMENTS WHICH PROVIDE EFFECTIVE SAFEGUARDS AGAINST ANY DIVERSION TO MILITARY USES. WHILE WE HAVE ENCOURAGED THE SAG TO ADHERE TO THE NPT, THE US AND OTHER NUCLEAR POWERS HAVE NOT REQUIRED ADHERENCE AS A CONDITION FOR SALES.

AF - ETHIOPIAN GOVERNMENT SEEKS TO BREAK ERITREAN DEADLOCK (CONFIDENTIAL)

ACCOMPANIED BY HIGHLY VISIBLE CONCILIATORY EFFORTS TO NEGOTIATE WITH THE ERITREAN INSURGENTS, ETHIOPIA'S PRO-

VISIONAL MILITARY GOVERNMENT (PMG) HAS MADE EXTENSIVE PREPARATIONS FOR A MILITARY OFFENSIVE TO BREAK THE STALEMATE IN ERITREA, PERHAPS BEFORE THE JUNE ONSET OF THE RAINY SEASON. THE PRINCIPAL NEW ELEMENT IN AN OFFENSIVE WOULD BE THE UTILIZATION OF HASTILY TRAINED, POORLY ARMED "PEASANT BRIGADES", WHICH IN SOME CASES HAVE BEEN FORCIBLY RECRUITED.

THE PMG APPARENTLY IS PLANNING TO IMPLANT BY FORCE A NON-ERITREAN POPULATION OF UP TO 200,000 ARMED PEASANTS AMONG THE ERITREANS AS A PERMANENT PRO-PMG PRESENCE, SUPPORTED BY THE REGULAR MILITARY ESTABLISHMENT. HOWEVER, THE REPORTED LACK OF ENTHUSIASM FOR THIS EFFORT AMONG THE NEW RECRUITS COULD TRANSFORM THIS OPERATION INTO CHAOS, WITH THE PMG UNABLE TO CONTROL THE PEASANT SOLDIERS, OR EVEN TO KEEP THEM FROM DESERTING EN MASSE. THE PMG ALREADY MAY BE THINKING OF SCALING DOWN ITS OFFENSIVE BECAUSE OF THIS RESISTANCE.

POSSIBLE OUTCOME: EITHER SUCCESS OR FAILURE COULD HAVE SERIOUS CONSEQUENCES FOR THE PMG. A SUCCESSFUL OFFENSIVE COULD FREE THE PMG'S ATTENTION, AND PART OF ITS MILITARY
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PAGE 04 STATE 126623

ESTABLISHMENT, TO FACE THE MOUNTING THREAT FROM SOMALIA -- PARTICULARLY AFTER THE LOOMING INDEPENDENCE OF THE NEIGHBORING FRENCH TERRITORY OF THE AFARS AND ISSAS (FTAI), WHICH IS COVETED BY SOMALIA BUT VITAL TO ETHIOPIA AS A PORT FOR ITS FOREIGN TRADE. A SUCCESSFUL OFFENSIVE IN ERITREA, WHICH COULD INVOLVE EXTENSIVE UNCONTROLLED KILLINGS, WOULD ALSO FURTHER ALIENATE THE ARAB STATES, INCLUDING THE MORE MODERATE REGIMES, WHO MIGHT OTHERWISE HELP RESTRAIN SOMALIA ON THE FTAI. IT ALSO COULD LEAD THE ARAB SUPPORTERS OF THE ERITREAN INSURGENTS TO INCREASE THEIR AID. RESULTING REFUGEE PROBLEMS COULD ALSO EXACERBATE PROBLEMS WITH THE SUDAN, TO WHICH OVER 100,000 ERITREANS HAVE ALREADY FLED IN THE PAST YEAR TO GET AWAY FROM THE FIGHTING. FAILURE OF THE OFFENSIVE, ON THE OTHER HAND, WOULD FURTHER DISCREDIT THE ALREADY UNPOPULAR PMG,

EMBOLDEN THE SOMALIS, INCREASE DISSIDENCE, AND WEAKEN THE
HOLD ON POWER OF THE PRESENT LEADERS OF THE MILITARY
COUNCIL.

US POLICY: IN TAKING NOTE OF THE EMERGING SITUATION WE
HAVE PUBLICLY REITERATED OUR STAND IN FAVOR OF A NEGOTI-
ATED SOLUTION TO THE ERITREAN PROBLEM. ROBINSON

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